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NATIONAL INTELLIGENCE DAILY CABLE

Thursday August 18, 1977

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NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Thursday, 18 August 1977

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The NID Cable is for the purpose of informing senior US officials.

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USSR: Cautious Hope on US Relations

25X1 [] Soviet President Brezhnev, during the welcoming ceremony for Yugoslav President Tito on Tuesday, specifically drew attention to recent "positive" statements by President Carter and expressed hope that future US-Soviet relations will improve. He did so, however, against a backdrop of concern over a more difficult international situation, which requires that the first steps be taken "energetically and without delay" by the US.

25X1 [] Brezhnev struck an attitude of guarded hopefulness regarding the future of Soviet relations with the US. He avoided associating President Carter with the negative aspects of the current state of the relationship, instead laying the blame on "certain imperialist circles" for what he called a "hostile propaganda campaign against socialist countries" conducted "in the spirit of the cold war."

25X1 [] Brezhnev failed to mention the human rights issue specifically, possibly reflecting a Soviet perception that the US has toned down those parts of its human rights policy that Moscow finds most objectionable. Brezhnev did call the alleged Western propaganda campaign a "smokescreen" for unwelcome US defense policies, citing US decisions to develop cruise missiles and "to allocate funds for the neutron bomb." He did not, however, tie these actions to the strategic arms limitations talks or other arms control negotiations currently under way, and in contrast to recent Soviet media treatment, he did not say that the US has decided to produce the neutron bomb.

25X1 [] The relatively hopeful tone of Brezhnev's remarks comes in the midst of an extraordinary Soviet public campaign critical of the US, particularly over the neutron bomb, and lends new authority to the few continuing expressions of optimism that have marked Soviet commentary in recent weeks. The remarks are along the same lines as, but slightly more positive than, Soviet Americanologist Georgiy Arbatov's major *Pravda* article two weeks ago that had been the highest level Soviet public reaction to President Carter's speech on US-Soviet relations in Charleston on July 21.

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[] In light of Brezhnev's references to the continuing negative aspects of the bilateral relationship, it would seem that Moscow has not come to any firm conclusions in its assessment of the current administration. Brezhnev professed to be somewhat encouraged because of some of the President's recent remarks and was clearly expressing a desire to see progress occur, but he carefully phrased his comments to note that the President's remarks seem positive only "compared with the previous moves" of the administration.

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ISRAEL: West Bank Settlements

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[] *The Israeli government yesterday approved the establishment of three new Jewish settlements on the occupied West Bank. In an effort to deflect US and international protests, a government spokesman emphasized that the preceding Labor cabinet had approved in principle all the settlements.*

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[] The government's action--following legalization of three other settlements and the extension of social services on the West Bank--further underscores Prime Minister Begin's intention to retain permanent control over the territory.

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[] Two of the new settlements are located along the western fringe of the northern Samaria district, where Israeli governments have long intended to carry out border "adjustments." The third settlement, located south of Hebron near areas heavily inhabited by Arabs, will be populated by followers of the very conservative Gush Emunim organization. The Gush is also interested in settling at another site nearby and probably will step up its efforts to secure official sanction for its plans.

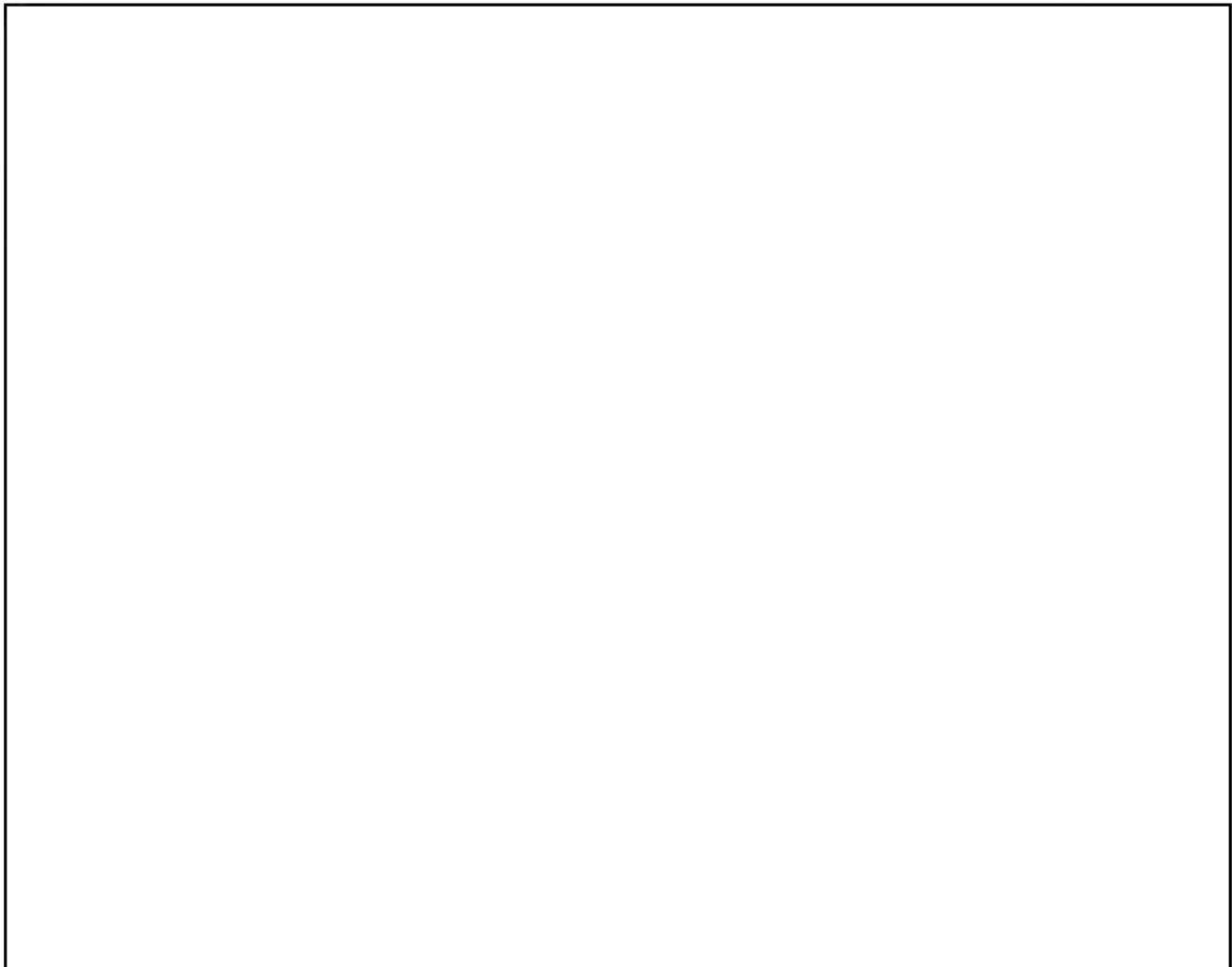
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[redacted] Palestinian spokesmen have bitterly attacked these recent actions by Israel. They have called for an increase in military operations inside Israel to protest the "annexationist" moves. Palestinian moderates probably are particularly dismayed by these developments, which are likely to make it more difficult for officials of the Palestine Liberation Organization to agree on any public gestures of moderation to gain a role in future Middle East peace talks. This may have been one of the Israelis' objectives in planning their West Bank moves. [redacted]

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USSR-SOMALIA: Soviet Coverage

[] The USSR has sharpened its criticism of Somalia's role in the Ogaden conflict. In a carefully worded commentary on August 16, *Izvestiya* portrayed Ethiopia as a victim of armed intervention from "regular Somali troops." The article also rejected the Somali argument that the conflict is a war of self-determination, and characterized it as a "flagrant contradiction of the UN and OAU charters." This marks the first public Soviet acknowledgement of the involvement of regular Somali troops in the Ogaden.

[] In the past the Soviets have generally favored Ethiopia, but they have confined themselves to replaying foreign accounts of Somalia's intervention and have reprinted Somali President Siad's claims that the conflict was a war of self-determination.

[] In an attempt to soften its criticism, *Izvestiya* placed the ultimate blame for Ethiopia's troubles on imperialist and reactionary forces, who allegedly are fanning the flames of nationalism in Somalia. According to *Izvestiya*, this is part of a larger imperialist plot to divert attention from the struggle against neo-colonialism in southern Africa.

[] The Soviets are obviously struggling with the problem of maintaining an evenhanded position with their two troublesome clients in the Horn of Africa. Moscow's efforts to mediate have met with intransigence from both sides. Soviet policy apparently is predicated on the belief that both Ethiopia and Somalia have few alternatives to Soviet military aid and that, as a result, Moscow will not be forced to back one side at the expense of abandoning the other.

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BULGARIA: Public Dissatisfaction

25X1 [REDACTED] *Public dissatisfaction evidently is growing in Bulgaria as rumors spread questioning the stability of the party leadership and the economy worsens. Several fires in Sofia in recent weeks, including one in the office of the Communist Party's newspaper, may have been due to sabotage.*

25X1 [REDACTED] According to the US embassy, rumors are circulating in Sofia that an anti-Zhivkov slogan appeared last week on one of the central bridges of the capital and was hastily removed by the authorities. This is the first such display of anti-regime sentiment in recent years.

25X1 [REDACTED] There appears to be widespread popular uncertainty in Bulgaria over the status of the leadership. The real reasons behind the firing of the regime's number-two man in May have not been explained, and there are now four vacancies on the 12-man Politburo. There are also rumors that party secretary Aleksandur Lilov, a protege of party leader Zhivkov, is seriously ill.

25X1 [REDACTED] The US embassy believes that Zhivkov has not filled the vacancies on the Politburo because he is unwilling to bring to the forefront potential rivals.

25X1 [REDACTED] Economic growth has slowed since 1975 largely due to Bulgarian attempts to improve the hard-currency balance-of-payments position. Saddled with the heaviest debt burden in Eastern Europe, the Bulgarians have sharply cut their imports from the developed West while boosting exports at the expense of the domestic market. In the first half of 1977, industrial production rose only 7.7 percent, well below the plan of 9.2 percent for the year. Agricultural production also got off to a poor start because of a spring drought and some frost damage to fruits and vegetables.

25X1 [REDACTED] Gains for the Bulgarian consumer--already one of the poorest in Eastern Europe--have further slowed this year. Plans to boost services substantially have fallen flat, and apparently the regime has not made much headway in providing a better quality or selection of goods. The recent drought and

frost damage to fruit and vegetables will aggravate the situation; the regime probably will divert much of these important hard-currency earners to the foreign market. Consumer grumbling is growing, but there is little likelihood that dissatisfaction will mushroom into wide-spread anti-regime demonstrations.

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WEST GERMANY - USSR: Brezhnev Visit

25X1 [] //The West Germans now expect the long-anticipated visit to Bonn by Soviet President Brezhnev to take place some time during the last week in November or the first week in December.//

25X1 [] //According to the director of Soviet Affairs in the West German Foreign Office, the Soviets recently reaffirmed their desire that the visit take place before the end of the year. The Soviets reportedly have dropped any link between a Brezhnev visit to Bonn and a prior meeting between the Soviet leader and President Carter.//

25X1 [] //The timing for the visit would take advantage of a gap in the two leaders' schedules--after the Soviet anniversary celebrations in November and before the NATO ministerial meeting in mid-December. The exact date for the visit may be set during a visit to Moscow in September by West German Foreign Office political director Klaus Blech.//

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[] //During that visit, Blech might attempt to resolve differences over the inclusion of Berlin in three draft bilateral agreements covering scientific, technological, and cultural exchanges that could be signed when Brezhnev is in Bonn. The West Germans are unlikely to make concessions on a Berlin clause, however, and feel that the Brezhnev visit has value in itself.//

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[] //The Soviets like to play up such events by signing formal agreements. If an impasse develops on the draft agreements, the Soviets might settle for a trade protocol and formal endorsements of such generally acceptable goals as European cooperation and detente to mark the visit.//

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[] //Despite West German optimism that the visit will occur this year, the date has already suffered considerable slippage and could be delayed again.

-CIA, DIA, NSA-

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BRIEFS

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Chad:

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[] Chadian Vice President Djime told US Ambassador Bradford yesterday that Chad expects Libyan-backed Toubou Muslim rebels to reopen their northern offensive early next month. He claimed that additional Libyan arms are being airlifted to

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the rebels and that they are preparing to attack the government's principal remaining garrison at Faya-Largeau. Djime expressed pessimism about holding Faya-Largeau and stressed the urgency of Chad's need for prompt military assistance. So far, Egypt, Saudi Arabia, and Iran have agreed in principle to transfer US equipment to Chad, but such a transfer has not yet been approved by the US. Chad has so far received only modest amounts of non-US small arms, several helicopters, and other equipment from France, Egypt, and Sudan. According to an earlier report, the French military in Chad believe the garrison at Faya-Largeau could probably resist a rebel assault but that two other government outposts in the north would fall.

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